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INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

Office of the Attorney General
ATTN: Ashley Johansson
1300 I Street Sacramento, Ca
(916) 224-4752

Regarding Amendments to The California Modernization and Economic
Development Act (Initiative 13002)

Dear Mrs. Johansson,

Please accept these amendments made to the California Modernization and
Economic Development Act (initiative 13002) on this day, the 28th of February,
2013.

Amend section 105000 part (4) to read: "Twenty-five percent to the Superintendent
of Public Instruction for purposes of funding direct classroom instruction and access, as
applicable, to be allocated to the Superintendent who will direct the funds to Local
Education Agencies."

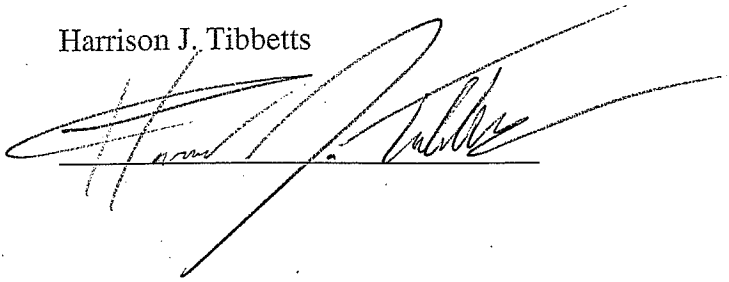
Amend Section 105000 part (b) to read: "(b) "Direct classroom instruction and access"
means, and is limited to, the reduction of student fees imposed by the University of
California, the California State University, and the California Community Colleges,
restoration of courses that have been removed by the University of California, the
California State University, and the California Community Colleges, hiring of professors
at the University of California, the California State University, and the California
Community Colleges, the reduction
of K-12 class sizes, hiring K-12 teachers, and the provision of K-12 instructional
materials. "Student services" means, and is limited to, services designed to support
the instructional program and to help students attain their educational and career goals.
For purposes of this paragraph, "K-12" means the California kindergarten through grade
12 educational system. "Local education agency" or "LEA" includes school districts,
school boards, county offices of education, and the governing bodies of direct
instructional services provided by the state, including the California Schools for the Deaf
and the California School for the Blind."

Amend section 25641 part (i) (1) to read: "The purchase of alternatively fueled
vehicles as replacement for a business concern's vehicle fleet. This provision is to also
include fuel-efficient EPA Tier 4, and Tier 4i non-road diesel engine equipment and Tier
2 railroad compliant Ultra Low Emission Locomotives (ULEL's)."

Amend Section 25645 part (a) to read: "The California Clean Energy Research,
Development, and Implementation Fund is hereby established in the State Treasury.
Notwithstanding Section 13340 of the Government Code, moneys in the fund are
continuously appropriated without regard to fiscal years to the California Energy

Commission for the implementation of this chapter.”

Harrison J. Tibbetts

A handwritten signature in black ink, appearing to read "Harrison J. Tibbetts", is written over a horizontal purple line. The signature is stylized with large, sweeping loops and a long, trailing flourish extending to the right.

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RN 1300927 PAGE 1

INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS

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The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

(Here set forth the title and summary prepared by the Attorney General. This title and summary must also be printed across the top of each page of the petition whereon signatures are to appear.)

TO THE HONORABLE SECRETARY OF STATE OF CALIFORNIA

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smaller than
12-point

We, the undersigned, registered, qualified voters of California, residents of County (or City and County), hereby propose an initiative statute, and petition the Secretary of State to submit the same to the voters of California for their adoption or rejection at the next succeeding general election or at any special statewide election held prior to that general election or otherwise provided by law. The proposed initiative statute (full title and text of measure) read as follows:

SECTION 1. Division 15 (commencing with Section 105000) is added to the Education Code, to read:

DIVISION 15. CALIFORNIA EDUCATION ACCESSIBILITY FUND

105000. (a) The California Education Accessibility Fund is hereby created in the State Treasury. Notwithstanding Section 13340 of the Government Code, moneys in the fund are continuously appropriated, as follows:

(1) Twenty-five percent to the Regents of the University of California for purposes of funding direct classroom instruction and access, as applicable, to be allocated at the discretion of the Regents.

(2) Twenty-five percent to the Trustees of the California State University for purposes of funding direct classroom instruction and access, as applicable, to be allocated at the discretion of the Trustees.

(3) Twenty-five percent to the Board of Governors of the California Community Colleges for purposes of funding direct classroom instruction and access, including student services, as applicable, to be allocated at the discretion of the Board of Governors.

(4) Twenty-five percent to the Superintendent of Public Instruction for purposes of funding direct classroom instruction and access, as applicable, to be allocated at the

discretion of to the Superintendent who will direct the funding to public Local Education Agencies.

(b) "Direct classroom instruction and access" means, and is limited to, the reduction of student fees imposed by the University of California, the California State University, and the California Community Colleges, restoration of courses that have been removed by the University of California, the California State University, and the California Community Colleges, hiring of professors at the University of California, the California State University, and the California Community Colleges, the reduction of K-12 class sizes, hiring K-12 teachers, and the provision of K-12 instructional materials. "Student services" means, and is limited to, services designed to support the instructional program and to help students attain their educational and career goals. For purposes of this paragraph, "K-12" means the California kindergarten through grade 12 educational system. "Local education agency" includes school districts, school boards, county offices of education, and the governing bodies of direct instructional services provided by the state, including the California Schools for the Deaf and the California School for the Blind.

(c) The moneys appropriated pursuant to subdivision (a) shall be used to supplement, not supplant, existing levels of state funding for the University of California, the California State University, the California Community Colleges, and the State Department of Education.

105002. Any moneys received by the fund pursuant to Part 21 (commencing with Section 42001) of Division 2 of the Revenue and Taxation Code shall not be commingled with, transferred to, or lent to, the State General Fund by the Regents of the University of California, the Trustees of the California State University, Board of Governors of the California Community Colleges, and the Superintendent of Public Instruction.

SEC. 2. Section 29305 is added to the Government Code, to read:

29305. (a) The California Community Development and Modernization Fund is hereby established in the State Treasury. Notwithstanding Section 13340, moneys in the fund are hereby continuously appropriated, without regard to fiscal year to each county within the state, for distribution to each county on _____ of each year by the Treasurer, as follows:

(1) Eighty-five percent to be equally distributed among the counties that have more than 100,000 or more registered vehicles in the county as of _____ of each year.

(2) Fifteen percent to be equally distributed among the counties that have less than 100,000 registered vehicles in the county as of _____ of each year.

(b) Moneys allocated to each county pursuant to this section shall be used by a county for funding the development and maintenance of local infrastructure, roads, public works projects, public health services, public safety services, and the development of infrastructure that boosts productivity, benefits local and state commerce, increases the public's standard of living, and is in the general interest of the residents of the state.

SEC. 3. Section 515 is added to the Public Resources Code, to read:

515. (a) The California Parks and Recreation Fund is hereby established in the State Treasury. Notwithstanding Section 13340 of the Government Code, moneys in the fund are hereby continuously appropriated, without regard to fiscal year, to the department for allocation by the director in the following order:

(1) For the reopening and maintenance of existing state parks with an operations and management budget sufficient to employ park staff and maintain facilities, vehicles, tools, machinery, and all other items deemed necessary by the department to the successful operation and maintenance of each state park.

- (2) For increasing access to state parks by reducing or suspending park user fees.
- (3) For the acquisition of additional state park land for preservation, protection, and public use.
- (4) For hiring additional personnel to protect the public that use state parks and protect the wildlife that inhabit state parks.
- (5) For the protection, support, and preservation of fragile ecosystems, biodiversity, and native plants and animals within state parks.
- (6) All other purposes deemed necessary by the director, in consultation with the State Parks and Recreation Commission.
- (b) An allocation in funds to a specific state park shall require a commiserate decrease in user fees for that state park. The amount of the reduction in a user fee will be based on need and shall be determined by the State Parks and Recreation Commission.
- (c) The moneys appropriated pursuant to subdivision (a) shall be used to supplement, not supplant, existing levels of state funding for California state parks.

SEC. 4. Chapter 7.4 (commencing with Section 25640) is added to Division 15 of the Public Resources Code, to read:

CHAPTER 7.4. THE CALIFORNIA CLEAN ENERGY RESEARCH, DEVELOPMENT, AND
IMPLEMENTATION PROGRAM

Article 1. General Provisions and Definitions

25640. This chapter shall be known, and may be cited, as the California Clean Energy Research, Development, and Implementation Program.

25641. As used in this chapter, the following terms mean the following:

(a) (1) "Advanced transportation technologies" mean emerging commercially competitive transportation-related technologies identified by the commission as capable of creating long-term, high value-added jobs for Californians while enhancing the state's commitment to energy conservation, pollution and greenhouse gas emissions reduction, and transportation efficiency.

(2) "Advanced transportation technologies" does not include those projects required to be undertaken pursuant to state or federal law or regulations, air district rules or regulations, memoranda of understanding with a governmental entity, or legally binding agreements or documents. The State Air Resources Board shall advise the California Energy Commission regarding projects that are excluded pursuant to this paragraph.

(b) "Alternative fuel" means a nonpetroleum fuel, including electricity, ethanol, biodiesel, hydrogen, methanol, or natural gas that, when used in vehicles, that has been demonstrated, to the satisfaction of the State Air Resources Board, to have the ability to meet applicable vehicular emission standards. For the purpose of this chapter, alternative fuel may also include petroleum fuel blended with nonpetroleum constituents, such as E85 or B20.

(c) "Alternatively fueled vehicle" means a vehicle that has the ability to use alternative fuel.

(d) (1) "Alternative source" means the conservation of energy, or the use of solar, biomass, wind, geothermal, hydroelectricity under 30 megawatts, or any other source of energy, the efficient use of which will reduce the use of fossil fuels.

(2) "Alternative source" does not include a hydroelectric facility that does not meet state laws pertaining to the control, appropriation, use, and distribution of water, including, but not limited to, the obtaining of applicable licenses and permits.

(e) "Applicant" means a person applying for a grant pursuant to Section 25643.

(f) "Business concern" means any sole proprietorship, corporation, association, firm, partnership, trust, or other form of commercial organization that has its principal place of business in the state.

(g) "Fund" means the California Clean Energy Research, Development, and Implementation Fund established pursuant to Section 25645.

(h) "Person" means an individual, trust, firm, joint stock company, business concern, partnership, limited liability company, association, or corporation.

(i) "Project" means any of the following:

(1) The purchase of alternatively fueled vehicles as replacement for a business concern's vehicle fleet. This provision is to also include fuel-efficient EPA Tier 4, and Tier 4i non-road diesel engine equipment, and a Tier 2 railroad compliant rated Ultra Low Emission Locomotives (ULEL's).

(2) The installation of alternative source at a nonresidential facility.

(3) The implementation of advanced transportation technologies.

Article 2. Clean Energy Research, Development, and Implementation Program

25642. The commission shall establish a renewable energy research program to provide grants to public power entities, independent generators, utilities, or business concerns manufacturing components or systems for the purposes of research and development of new renewable energy technologies, and demonstrating the economic feasibility of new renewable energy technologies. In awarding a grant pursuant to this section, the California Energy Commission shall consider the ingenuity of the technology.

25643. (a) The commission shall establish a program to provide grants to an applicant for providing financial assistance for a project.

(b) An applicant may apply for a grant by submitting to the commission an application that includes evidence, such as designs, schematics, and blueprints, showing the following, if applicable:

(1) Existing energy expenditures.

(2) The anticipated energy saving resulting from the project.

(3) The anticipated environmental benefit resulting from the project, including projected reduction in greenhouse gas emissions.

(4) Other information required by the commission.

(c) In awarding a grant, the commission shall give priority to a project that is cost effective and provides the greatest environmental benefit.

(d) A grant awarded pursuant to this section shall not exceed 90 percent of the total installation and implementation costs.

25644. On or before January 1 of each year following the effective date of this chapter, the commission shall report to the Governor the number of grants awarded

during the prior calendar year, the total amount of money awarded, the number of persons awarded a grant, and the overall fiscal health of the fund.

Article 3. Fiscal Provisions

25645. (a) The California Clean Energy Research, Development, and Implementation Fund is hereby established in the State Treasury. Notwithstanding Section 13340 of the Government Code, moneys in the fund are continuously appropriated without regard to fiscal years to the California Energy Commission for the implementation of this chapter.

(b) (1) The State Board of Equalization shall transfer, on a quarterly basis, 22 percent of the total revenue collected pursuant to Section 42005 of the Revenue and Taxation Code into the fund.

(2) Paragraph (1) shall become inoperative on July 1, 2026.

(c) (1) The amount transferred pursuant to paragraph (1) of subdivision (b) shall be allocated as follows:

(A) Fifteen percent of the fund is made available for providing grants pursuant to Section 25642.

(B) Eighty-five percent of the fund is made available for providing grants pursuant to Section 25643 for the purposes of advancing businesses concerns and reducing green house gas emissions.

(2) At the end of each fiscal year, unencumbered moneys remaining in the fund allocated as provided in subparagraph (A) of paragraph (1) shall be used instead for the purposes of subparagraph (B) of paragraph (1).

(d) The California Energy Commission's administrative costs of implementing this chapter shall not exceed 1.5 percent of the money in the fund.

25646. The Legislature shall not borrow moneys from the fund and shall not use these moneys for purposes other than those specifically permitted in this chapter.

Article 4. Miscellaneous Provisions

25647. (a) Except as provided in subdivision (c), this chapter shall become inoperative on or after July 1, 2025, on the date that the balance in the fund is less than fifty thousand dollars (\$50,000), and shall be repealed on January 1 of the following year.

(b) On or after July 1, 2025, the Controller shall notify the commission and the Secretary of State when the balance in the fund is less than fifty thousand dollars (\$50,000).

(c) Notwithstanding subdivision (a), on the inoperative date of this chapter, the Controller shall transfer the remaining balance in the fund to the General Fund.

SEC. 5. Part 21 (commencing with Section 42001) is added to Division 2 of the Revenue and Taxation Code, to read:

PART 21. THE CALIFORNIA MODERNIZATION AND ECONOMIC
DEVELOPMENT ACT

42001. This part shall be known, and may be cited, as the California Modernization and Economic Development Act.

42003. For purposes of this part, the following definitions apply:

(a) "Barrel of oil or gas" means 42 United States gallons of 231 cubic inches per gallon oil computed at a temperature of 60 degrees Fahrenheit or gas, as measured per 1,000 cubic feet (mcf) at a base pressure of 15.025 pounds per square inch absolute and at a temperature base of 60 degrees Fahrenheit.

(b) "Gas" means all natural gas, including casing head gas, and all other hydrocarbons not defined as oil in subdivision (e).

(c) "Gross value" means the sale price at the mouth of the well, including any bonus, premium, or other thing of value, paid for the oil or gas, as determined by a rolling 30-day average daily value, as established by the market price of the product. The board shall determine the base indexes from which the average shall be calculated. If the oil or gas is exchanged for something other than cash, if there is no sale at the time of severance, or if the relation between the buyer and the seller is such that the consideration paid, if any, is not indicative of the true value or market price, then the board shall determine the value of the oil or gas.

(d) "In this state" means within the exterior limits of the State of California and includes all territory within these limits owned by or ceded to the United States of

America. "In this state" also includes the mean high tide line to three nautical miles offshore.

(e) "Oil" means petroleum, or other crude oil, condensate, casing head gasoline, or other mineral oil that is mined, produced, or withdrawn from below the surface of the soil or water in this state.

(f) "Operator" means a person that, by virtue of ownership, or under the authority of a lease or any other agreement, has the right to drill, operate, maintain, or control an oil or gas well in the earth or water in this state, including any person that takes oil or gas from the earth or water in this state in any manner; any person that owns, controls, manages, or leases any oil or gas well in the earth or water of this state; and any person that produces or extracts in any manner any oil or gas by taking it from the earth or water in this state. "Operator" also includes the first person that acquires legal or beneficial title to oil or gas taken from the earth or water in this state by the federal government or a federal instrumentality.

(g) "Political subdivision of the state" includes any local public entity, as defined in Section 900.4 of the Government Code.

(h) "Production" means the total gross amount of oil or gas produced, including the gross amount attributable to a royalty or other interest.

(i) "Severing" means the extraction or withdrawing from below the surface of the earth or water of any oil or gas, regardless of whether the extraction or withdrawal shall be by natural flow, mechanical flow, forced flow, pumping, or any other means employed to get the oil or gas from below the surface of the earth or water, and shall include the extraction or withdrawal by any means whatsoever of oil or gas upon which

the tax has not been paid, from any surface reservoir, natural or artificial, or from a water surface.

Q) "Stripper well" means a well that has been certified by the Division of Oil, Gas, and Geothermal Resources in the Department of Conservation as an oil well incapable of producing an average of more than 10 barrels of oil per day during the entire taxable month or a gas well that is incapable of producing more than 60,000 cubic feet of gas per day. Once a well has been certified as a stripper well, that stripper well shall remain certified as a stripper well until the well produces an average of more than 10 barrels of oil or 60,000 cubic feet of gas per day during an entire taxable month.

42005. (a) For the privilege of severing oil or gas from the earth or water in this state, a tax is hereby imposed on all operators at the rate of 9.5 percent of the gross value of each barrel of oil or gas severed. The tax shall be applied equally to all portions of the gross value of each barrel of oil or gas.

(b) Any person that owns an interest, including a royalty interest, in severed oil or gas or its value is liable for the tax until it has been paid to the board.

42007. The tax shall be upon the entire production of an operator in this state, regardless of the place of sale or to whom sold or by whom used, or the fact that the delivery may be made to points outside of the state.

42009. (a) The tax imposed by this part shall not be passed through to consumers by way of higher prices for oil, natural gas, gasoline, diesel, or other oil or gas consumable byproducts, including propane and heating oil. The board shall monitor and, if necessary, investigate any instance where operators have attempted to pass through to consumers the tax imposed by this part by materially raising the price of

oil, natural gas, gasoline, diesel, or other oil or gas consumable byproducts, including propane and heating oil. Should this occur, the board shall impose a penalty equal to double the dollar amount that was passed on to the consumer. The amount recouped through the penalty shall be equally distributed to each California resident as a rebate check at the end of the year.

(b) The board shall prescribe, adopt, and enforce rules and regulations relating to the administration and enforcement of this section.

(c) This section shall apply only to the extent not superseded by federal law.

42011. Two or more operators that are corporations and are owned or controlled directly or indirectly, as defined in Section 25105, by the same interests shall be considered as a single operator for purposes of application of the tax prescribed by this part.

42013. (a) There shall be exempted from the imposition of the tax imposed pursuant to this part the severing of oil or gas produced by a stripper well in which the average gross value of a barrel of oil or gas is fifty dollars (\$50) or less as of the first day of the previous calendar quarter.

(b) The Division of Oil, Gas, and Geothermal Resources in the Department of Conservation shall notify the board of all wells that have been certified as stripper wells.

42015. Each operator shall prepare and file with the board a return, in the form prescribed by the board, containing information, as the board deems necessary or appropriate for the proper administration of this part. The return shall be filed on or before the last day of the calendar month following the calendar quarter to which it

relates, together with a remittance payable to the board for the amount of tax due for that period.

42017. (a) The board shall administer and collect the tax imposed by this part pursuant to the Fee Collection Procedures Law (Part 30 (commencing with Section 55001)). For purposes of this part, the references in the Fee Collection Procedures Law (Part 30 (commencing with Section 55001)) to "fee" shall include the tax imposed by this part and references to "feepayer" shall include a person required to pay the tax imposed by this part.

(b) The board shall prescribe, adopt, and enforce rules and regulations relating to the administration and enforcement of this part, including, but not limited to, provisions governing collections, reporting, refunds, and appeals.

(c) The board may prescribe, adopt, and enforce emergency regulation relating to the administration and enforcement of this part. Any emergency regulation prescribed, adopted, or enforced pursuant to this section shall be adopted in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, and, for purposes of that chapter, including Section 11349.6 of the Government Code, the adoption of the regulation is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health and safety, and general welfare.

42019. (a) Beginning in the ____ fiscal year to the 2024-25 fiscal year, all taxes, interest, penalties, and other amounts collected pursuant to this part, less refunds and costs of administration, shall be deposited as follows:

(1) Sixty percent into the California Education Accessibility Fund, established by Section 105000 of the Education Code.

(2) Twenty-two percent into the California Clean Energy Research, Development, and Implementation Fund, established by Section 25645 of the Public Resources Code.

(3) Three percent into the California Parks and Recreation Fund, established by Section 515 of the Public Resources Code.

(4) Fifteen percent into the California Community Development and Modernization Fund, established by Section 29305 of the Government Code.

(b) Beginning in the 2025-26 fiscal year, and each fiscal year thereafter, all taxes, interest, penalties, and other amounts collected pursuant to this part, less refunds and costs of administration, shall be deposited as follows:

(1) Eighty percent into the California Education Accessibility Fund, established by Section 105000 of the Education Code.

(2) Five percent into the California Parks and Recreation Fund, established by Section 515 of the Public Resources Code.

(3) Fifteen percent into the California Community Development and Modernization Fund, established by Section 29305 of the Government Code.

SEC. 6. The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.